

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE INSPECTOR GENERAL**

**AUDIT OF THE DISTRICT OF COLUMBIA
PUBLIC SCHOOLS' PROCUREMENT OF
SCHOOL SECURITY SERVICES**



**AUSTIN A. ANDERSEN
Interim Inspector General**

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General



April 26, 2004

Mr. Robert C. Rice
Interim Superintendent
District of Columbia Public Schools
825 North Capital Street, N.E., 9th Floor
Washington, D.C. 20001

Mr. Jacques Abadie, III, CPCM
Chief Procurement Officer
Office of Contracting and Procurement
441 Fourth Street, N.W., Suite 700S
Washington, D.C. 20001

Dear Mr. Rice and Mr. Abadie:

Enclosed is our final audit report summarizing the results of the Office of the Inspector General's (OIG) Audit of the District of Columbia Public Schools' Procurement of School Security Services for the period of August 1996 to August 2003 (OIG No. 03-2-14GA).

Our audit report contains five recommendations for necessary actions to correct the described deficiencies. We received responses to the draft report from the Interim Superintendent, D.C. Public Schools (DCPS) on April 13, 2004, and the Chief Procurement Officer, Office of Contracting and Procurement (OCP) on April 7, 2004. The DCPS comments fully corroborate our report findings. In response to our recommendations, DCPS has initiated an aggressive program to reform procurement practices, particularly as they relate to procurement planning. OCP fully concurred with the report recommendations. We consider actions taken and/or planned by DCPS and OCP to be fully responsive to our recommendations. The full text of the DCPS and OCP responses are at Exhibits B and C, respectively.

We appreciate the cooperation and courtesies extended to our staff during the audit. If you have any questions, please contact William J. DiVello, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,

A handwritten signature in dark ink, reading "Austin A. Andersen". The signature is fluid and cursive, with the first name "Austin" being more prominent.

Austin A. Andersen
Interim Inspector General

AAA/ws

cc: See distribution list

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**AUDIT OF THE DISTRICT OF COLUMBIA
PUBLIC SCHOOLS’ PROCUREMENT OF
SCHOOL SECURITY SERVICES**

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EXECUTIVE DIGEST

OVERVIEW

This audit is the second in a series of audits by the District of Columbia Office of the Inspector General (OIG) that evaluates the District of Columbia Public Schools' (DCPS) management and operation of the school security program. This report summarizes the results of our review of DCPS's procurement of school security services for the period of August 1996 to August 2003. Earlier, we issued a Management Alert Report (MAR) on the availability of \$6.3 million in Homeland Security funds for increased facility security at DCPS. We plan to issue additional audit reports that will focus on the following issues: the award process for the current school security services contract; physical security at District public schools; the adequacy of training and background investigations for school security personnel; and a comparison of best practices relating to school security within the DCPS system (internally) and in comparison to other similar municipal public school districts.

CONCLUSION

Our report includes two findings. The first concerns DCPS' expenditure of approximately \$11.4 million more than may have been necessary for school security services during the October 1, 2001, to July 31, 2003, period based on an extension of the original contract with the incumbent security service contractor for 2 additional years without soliciting and receiving the benefits of price competition. The second finding addresses the DCPS award of contracts greater than \$1 million without obtaining the advice and consent of the D.C. Council, in accordance with D.C. Code. In addition, in the Other Matters of Interest section, we discuss DCPS' questionable practice and use of letter contracts (in lieu of a more definitive type of contract mechanism) during the October 1, 2001, to July 31, 2003, period.

CORRECTIVE ACTIONS

We directed three recommendations to the DCPS and two recommendations to the Office of Contracting and Procurement (OCP) to correct the deficiencies noted in the report. The recommendations to DCPS are designed to assist them in developing and implementing policies and procedures for the development of advanced procurement plans and for obtaining the Superintendent's and required Council's approvals for procurements over \$1 million. Our two recommendations to OCP concern updating Title 27 of the District of Columbia Municipal Regulations to include guidelines for the use of task orders and the submission of task orders to the Council for procurements greater than \$1 million when the underlying task order contract has not been subject to Council's approval. A summary of potential benefits resulting from this audit is included at Exhibit A.

EXECUTIVE DIGEST

MANAGEMENT RESPONSES

DCPS provided expansive comments that essentially corroborate our report findings. In response to our recommendations, DCPS has undertaken an aggressive program to reform its procurement practices, placing particular emphasis on developing directives and standard operating procedures with regard to procurement planning and intensifying training for procurement personnel and contracting officer technical representatives. Further, DCPS will develop performance standards and measures for procurement staff and, among other specific improvements, establish cross function teams to improve communication.

OCP also provided a response to the draft of this report, fully concurring in our recommendations for updating Title 27 of the District of Columbia Municipal Regulations on the use of task orders and developing clear guidelines for the submission of task orders greater than \$1 million to the Council of the District of Columbia for review and approval.

The full responses from both DCPS and OCP are attached at Exhibits B and C, respectively.

OIG COMMENTS

The DCPS and OCP responses to the draft of this report were fully responsive to our recommendations.

INTRODUCTION

BACKGROUND

The District of Columbia School Reform Act of 1995, Pub. L. No. 104-134, § 2751, 110 Stat. 1321 (1996), required the D.C. Board of Education to enter into a security services contract for the District schools for academic year 1995-96 and each succeeding academic year.

On August 23, 1996, the Financial Responsibility and Management Assistant Authority (Control Board) awarded a \$31,549,169, firm fixed price, 3-year contract with 2 one-year options for school security services (Contract no. C70008). The contractor was responsible for providing: licensed management and support personnel experienced in military and protection services; and all uniforms, materials, equipment, transportation, administrative support, and training to support the security functions at approximately 157 District schools. These security services were to be provided 24 hours a day, 52 weeks a year.

DCPS modified Contract no. C70008 a total of 31 times to increase the number of security personnel and to exercise the two 1-year options. The approximate value of the contract at the October 1, 2001, contract expiration date was \$45,104,307. From October 1, 2001, until a new contract was awarded on July 31, 2003, DCPS issued 11 letter contracts and 16 contract modifications valued at \$26,940,952 to allow the incumbent contractor to continue to provide security services. In total, DCPS security services cost the District approximately \$72,045,259 for the period August 23, 1996, through July 31, 2003.

On July 8, 2003, DCPS awarded a 3-year letter contract valued at approximately \$45 million. The letter contract contained two 1-year options to extend the term of the contract to 5 years. We plan to conduct a separate audit of this latest school security services contract.

OBJECTIVES, SCOPE, AND METHODOLOGY

The announced objectives of the series of OIG audits were to: (1) evaluate the adequacy of the internal controls over security; (2) determine whether laws, policies, regulation, and directives are correctly interpreted and applied in the administration of the security function; and (3) evaluate the DCPS's performance with regard to economy, efficiency, and effectiveness in accomplishing the security function. During one of the audits, we developed concerns regarding the use of letter contracts to procure security services. Consequently, we added an audit objective to determine whether DCPS contracting and procurement activities for the school security services contract were carried out in accordance with the requirements of District procurement regulations.

INTRODUCTION

To accomplish our objective, we examined the contract files and documents pertaining to DCPS's procurement of school security services for the period of August 1996 to August 2003. We also conducted interviews with the DCPS, Office of Contracts and Acquisitions representatives.

Our audit was conducted in accordance with generally accepted auditing standards and included such tests as we considered necessary under the circumstances.

FINDINGS AND RECOMMENDATIONS

FINDING 1: AWARD OF SOLE SOURCE CONTRACTS

SYNOPSIS

DCPS extended the security services contract to the same security contractor for approximately 2 years after the expiration of the original 5-year contract period without soliciting competition and without properly justifying the award of sole source contracts. This situation occurred because DCPS did not develop advance procurement plans to contract for the continuation of school security services as required by Title 27 of the District of Columbia Municipal Regulations (DCMR) § 1210.5. As a result, the school security services contract cost escalated by \$11.4 million during the extended period.

DISCUSSION

After the expiration of Contract no. C70008, DCPS issued a series of contract actions to acquire security services from the incumbent security services contractor, a vendor on the General Services Administration (GSA) federal supply schedule. These contracts covered a 22-month period (October 1, 2001, to July 31, 2003), and included a 27-day letter contract, a 120-day emergency single available source contract, and a series of letter contracts. During this period, DCPS contracted for the school security services without the benefit of price competition from other vendors and without preparing proper Determination and Findings (D&F) justifications.

Criteria - Title 27, DCMR § 1701.1 provides:

[e]ach contracting officer shall take reasonable steps to avoid using sole source procurement except in circumstances where it is both necessary and in the best interests of the District. The contracting officer shall take action, whenever possible, to avoid the need to continue to procure the same supply, service, or construction without competition.

Title 27, DCMR § 2425.3 provides “[a] letter contract shall not be entered into without competition, except as provided for in chapter 17 of this title.”

Title 27, DCMR § 1210.5 requires agencies to begin procurement planning “as soon as the agency need is identified, preferably well in advance of the fiscal year that the contract award is necessary.”

FINDINGS AND RECOMMENDATIONS

Security Services Procured Under the 27-Day Letter Contract - On October 1, 2001, after expiration of Contract no. C70008, DCPS issued a 27-day letter contract to the incumbent security contractor without soliciting price competition from other vendors. In addition, our review of the contract file revealed that DCPS did not prepare a D&F for this letter contract. Title 27, DCMR § 1700.2(a) requires the contracting office to “[p]repare a written determination and findings (“D&F”) justifying the procurement which specifically demonstrates that procurement by competitive sealed bids or competitive sealed proposals is not required by the provisions of the Act or this title” Therefore, for this period, school security services were obtained from the same contractor without the benefit of price competition and the procurement was not adequately justified as a sole source procurement. The cost of school security services under the 27-day letter contract was approximately \$998,854.

Security Services Procured Under the 120-Day Emergency Single Source Contract – After expiration of the 27-day letter contract, on October 28, 2001, DCPS issued a 120-day emergency single source letter contract, valued at \$3,440,401, to the incumbent security contractor without obtaining price competition and adequately justifying the procurement as a sole source award.

In a June 7, 2001, letter, the DCPS Contracting Officer informed the security contractor that in the event a new long term contract had not been secured at the September 30, 2001, expiration of Contract no. C70008, DCPS would award the security contractor a 120-day, emergency single available source contract. The agreement to award a 120-day contract was reached in a previous telephone conversation. The June 7, 2001, letter indicates that DCPS was aware that Contract no. C70008 was to expire on October 1, 2001, 4 months prior to the October 28, 2001, award date.

The D&F prepared for the 120-day emergency single source contract stated that the incumbent security contractor was “uniquely” suited to provide the security services because it had the infrastructure in place to continue security services without disruption. However, in the same D&F, DCPS acknowledged that other security companies could provide the same security services. Title 27, DCMR § 1702.2 provides that the contracting officer shall make a determination as to whether the District’s minimum need can only be satisfied by the services of one source and whether this source is the only source capable of providing the services. There was no documentation attached to the D&F to support DCPS’s argument that the incumbent security contractor was better suited to provide the security services to District schools. Consequently, we believe that the D&F did not provide adequate justification for awarding a 120-day emergency single available source contract to the incumbent. Based on the Contracting Officer’s letter and the justification provided in the D&F, we believe the emergency sole source procurement could have been avoided had DCPS taken adequate steps to plan and award a contract.

FINDINGS AND RECOMMENDATIONS

Further, the D&F for awarding the 120-day emergency single available source contract stated that DCPS would not be able to solicit, receive, and evaluate proposals, award a contract, and transition into a new contract prior to the expiration of the current contract. It was not until October 30, 2001, (29 days after Contract no. C70008 had expired) that DCPS issued a request for proposal (RFP) for school security services¹. The RFP and subsequent new contract award for school security services should have occurred well in advance of the expiration of Contract no. C70008.

In a November 30, 2001, letter transmitting the 120-day, emergency single available source contract to the Council, the Superintendent stated that the contract was needed as a result of personnel changes and weaknesses in its procurement office as well as legal flaws in the expired contract prepared by the Control Board.

However, the Superintendent's rationale does not provide a sufficient basis for justifying the 120-day sole source contract award. Specifically, Title 27, DCMR § 1701.2 provides the following:

If the only justification for using sole source procurement is based on the lack of time to complete the process of competitive sealed bids or competitive sealed proposals, the contracting officer shall not award a contract on a sole source basis unless a legitimate emergency, as defined in this chapter², exists with respect to the need for the supply, service, or construction being procured. Sole source procurement shall not be justified on the basis of any of the following circumstances:

- (a) The lack of adequate advance planning for the procurement of the required commodities, services, or other items;
- (b) Delays in the procurement caused by administrative delays, lack of sufficient procurement personnel, or improper handling of procurement requests or competitive procedures

In accordance with District procurement regulations, DCPS did not have adequate justification to award the 120-day emergency single available source contract. There was adequate notice and time to plan and execute a new contract for school security services. DCPS's need to issue an emergency single available source procurement was due to its lack of procurement planning. As

¹ This RFP was eventually canceled December 13, 2001.

² The regulations recognize significant threats to public health and safety as legitimate emergencies, such as floods, riots, epidemics, and equipment failures. *See* 27 DCMR § 1710.3

FINDINGS AND RECOMMENDATIONS

required by District regulations, DCPS should have properly planned to transition into a new contract that was awarded on a competitive basis at the expiration of Contract no. C70008.

Security Services Procured Under GSA Federal Supply Schedule - After expiration of the 120-day emergency contract, DCPS issued 9 successive letter contracts and 12 contract modifications valued at \$22,501,697 to procure security services from the incumbent contractor via the GSA federal supply schedule. The letter contracts and modifications covered the period January 28, 2002, through July 31, 2003. We found that the letter contracts were issued without soliciting price competition from other vendors or without properly justifying the awards in the D&F.

Section 305(a)(3) of the Procurement Practices Act provides that

- (a) Procurement contracts may be awarded through noncompetitive negotiations when under rules implementing this section, the Director or the Director's designee determines in writing that one of the following conditions exists: . . .
- (3) The contract is with a vendor who maintains a price agreement or schedule with any federal agency, so long as no contract executed under this provision authorizes a price higher than is contained in the contract between the federal agency and the vendor. . . .

In response to a finding in OIG report 9513-03, April 28, 1995, the Office of the Corporation Counsel concluded that in order for an agency to award a contract pursuant to the above provision, "the contract negotiated by the agency must contain substantially the same terms as the corresponding federal contract or schedule. If the terms vary in any substantial manner, the authorization of section 305 for noncompetitive negotiation will not be applicable."

Our review of the contract files did not disclose any documentation demonstrating that the DCPS obtained federal agency contracts with the vendor to determine whether the contract prices offered to any federal agency exceeded those offered to the District.

In the D&F, DCPS justified the procurement via the GSA federal supply schedule using the rationale that the awards were made in accordance with Title 27, DCMR §§ 2100.1³ and 2103.4. Section 2103.4 requires the following:

³ Section 2100.1 sets forth a priority list of government supply sources. "Federal supply schedules" is sixth on the list at subsection (f).

FINDINGS AND RECOMMENDATIONS

Except as required by section 2100.1, the use of federal supply schedules shall be mandatory when the contracting officer determines that both of the following apply:

- (a) The supplies or services on the federal schedule will meet the District's minimum requirements; and
- (b) The federal schedule price is lower than the price that can be obtained with a new contract.

In the D&F, the DCPS Office of Contracts and Acquisitions determined that it was mandatory to procure security services from the GSA federal supply schedule because the incumbent security services provider met the District's minimum need and the contractor's price was lower than the price that could be obtained through the award of a new contract. In DCPS's Price Analysis, DCPS concluded that the contractor's price was less than could be obtained through the award of a new contract because the contractor increased its proposed contract price by only 8.5 percent over the expiring contract and offered a quantity discount of 27 percent off its GSA federal supply contract unit price. The Office of Contracts and Acquisitions' price analysis was flawed because it did not establish that the federal schedule price was lower than what could be obtained through a new contract. Consequently, the justification for the award via the GSA federal supply schedule was not adequately established.

According to the D&F for the Multiple Award Federal Supply Schedule Procurement Without Competition, DCPS procured security services from the original contractor without competition based on the rationale that: 1) the contractor had been a satisfactory performer for the preceding 5-year contract term; 2) the disruption to the schools would be minimized by maintaining the same contractor; and 3) DCPS intended to have a new security services contract awarded by August 1, 2002. However, there was no documentation in the contract file where DCPS obtained comparable pricing data from other security services providers on the GSA federal supply schedule to determine whether the price for comparable security services would be less than what could be obtained through a new contract.

Absence of Competition – Escalated Cost of School Security Services - Contract no. C70008, including all modifications, cost DCPS approximately \$45 million. During the 22-month period between the expiration of Contract no. C70008 and the award of a new security services contract (October 1, 2001 - July 8, 2003), DCPS issued a 27-day letter contract, a 120-day emergency single available source contract, 11 letter contracts, and 16 contract modifications valued at \$26,940,952 to the incumbent security services contractor without soliciting competition. The

FINDINGS AND RECOMMENDATIONS

annualized cost⁴ for school security services for the 22-month period was approximately \$29,390,130. Consequently, the annualized cost for school security services DCPS incurred during the 22-month period was approximately \$5.7 million dollars a year more than the average yearly cost for Contract no. C70008. The annualized escalated cost of about \$11.4 million may have been avoided or lessened if DCPS obtained competitive prices for school security services for the 22-month period.

Procurement Planning - We concluded that the award of successive sole source letter contracts was caused by DCPS's failure to develop advance procurement plans for a new security contract. Consequently, DCPS found itself in an undesirable position of having to award successive sole source procurements to provide continuity of school security services. A DCPS Office of Contracts and Acquisitions contracting officer and a contract specialist (DCPS officials) stated that DCPS does not prepare advanced procurement plans as required by Title 27, DCMR § 1210.5. The DCPS officials stated that the DCPS Office of Contracts and Acquisitions needs to prepare advance procurement plans to better assist them in scheduling and facilitating procurements throughout the year. The DCPS officials stated that to effectively develop an advance procurement plan they must receive organizational procurement plans from the DCPS Program Office. However, the contracting officer stated that the Office of Contracts and Acquisitions has not been able to establish a service level agreement with the DCPS Program Office detailing how the DCPS Program Office and various DCPS organizational units will communicate procurement needs to them. This situation forced the DCPS Office of Contracts and Acquisitions to act reactively instead of proactively to meet DCPS's procurement needs.

As a result of the lack of procurement planning, DCPS likely paid the school security contractor approximately \$11.4 million more than was necessary for school security services and extended security services for approximately 2 years. Our conclusion on cost escalation is premised on the rationale that adequate price competition would have obtained more competitive labor rates for this labor-intensive contract.

Also, proper advance procurement planning would have provided DCPS with the information necessary to insure that the school security service procurements were executed in accordance with District guidelines, adequate time was devoted to award the options after Council's approval, and adequate time was devoted to solicit competition for the award of subsequent contracts after the expiration of Contract no. C70008.

⁴ The annualized cost was determined by dividing the approximate contract cost incurred during the October 1, 2001 - July 31, 2003, period (\$26,940,952) by the number of months in the period (22) and multiplying the result of the division by the number of months in a 2-year period (24).

FINDINGS AND RECOMMENDATIONS

It is evident that DCPS needs to establish operating guidelines governing the execution of an advance annual procurement plan. Included in these guidelines would be a requirement for DCPS to create a procurement planning committee composed of key representatives from DCPS organizational units. At a minimum, these representatives should come from the DCPS Office of Contracts and Acquisitions, the DCPS Budget and Finance Office and the DCPS Program Office. This committee would foster the development of an advance procurement plan that reflects DCPS future procurement needs based on essential program requirements and available financial resources. The formulation of an advance procurement plan would also allow DCPS to build in the available procurement lead time to effect efficient and effective contracting methods based on the principles of adequate price competition.

RECOMMENDATIONS

We recommend that the Interim Superintendent, District of Columbia Public Schools:

1. Develop policies and procedures that require DCPS to formulate a procurement planning committee to coordinate the development of DCPS's annual procurement plan for major DCPS contracts for goods and services.
2. Establish internal policies and procedures for complying with Title 27, DCMR Sections 1701.2, 1702.2, and 2100.1 regarding the award and justification of sole source contracts.

DCPS RESPONSE

The Interim Superintendent, District of Columbia Public Schools, provided a detailed response to our draft report on April 13, 2004. In addition to corroborating much of the audit finding, DCPS has undertaken an aggressive program to reform its procurement practices. In response to Recommendations 1 and 2, DCPS will develop directives and standard operating procedures with regard to procurement planning and will utilize quality assurance reviews to ensure that contracts are properly developed, approved, and awarded. The full text of DCPS's response to our report is at Exhibit B.

OIG COMMENTS

The DCPS's comments were fully responsive to our report recommendations.

FINDINGS AND RECOMMENDATIONS

FINDING 2: EXCEEDING PROCUREMENT AUTHORITY

SYNOPSIS

DCPS exercised contract actions in excess of \$1 million without first obtaining the Council of the District of Columbia's (Council) approval, as required by D.C. Code § 2-301.05a. We were informed by DCPS that, because they did not fully comprehend this statutory requirement, the Council's approval was not obtained prior to initiating the contract actions. In addition, DCPS's failure to prepare advance procurement plans for school security services as required by Title 27, DCMR § 1210.5, complicated its ability to comply with the submission and pre-approval requirements. As a result, DCPS awarded contracts greater than \$1 million without the advice and consent of the Council.

DISCUSSION

DCPS exceeded its procurement authority by not obtaining the Council's approval prior to awarding a series of contract actions issued for the 35-month period between October 1, 1999, and November 30, 2002. During that period, DCPS exercised the first and second option years of a security contract, each valued at over \$1 million; issued a 120-day emergency single available source contract valued at over \$1 million; and acquired security services from the GSA schedule valued at over \$1 million without first obtaining Council's approval. Further, an appearance was created that DCPS awarded a series of letter contracts just under the \$1 million threshold to avoid obtaining Council's approval as required by law.

Criteria - D.C. Code § 2-301.05a(a) requires the Mayor and independent agencies to submit their multi-year contracts and contracts in excess of \$1,000,000 in a 12-month period to the Council for approval prior to awarding the contracts.

Title 27, DCMR § 1210.5 requires agencies to begin procurement planning as soon as the agency identifies the need, preferably, well in advance of the FY that the contract award is necessary.

Exercise of Contract Options on Contract No. C70008 - DCPS exercised the 2 option years on Contract no. C70008, each valued at over \$1 million in a 12-month period, without first obtaining the Council's approval, as required by law. Without the Council's review and approval, within the period of October 1, 1999, to January 31, 2000, DCPS issued five contract modifications totaling \$3,800,000 to exercise a portion of the first year option. In the subsequent year, within the period of April 19, 2000, to October 1, 2000, prior to the Council's approval,

FINDINGS AND RECOMMENDATIONS

DCPS issued 7 contract modifications totaling \$6,625,648 to exercise a portion of the second year option.

First Year Option - On July 26, 1999, DCPS informed the security contractor of its intent to exercise the first year option. This letter was approximately 2 months prior to the October 1, 1999, start date of the first year option. We did not find any documentation in the contract file indicating when the Council approved the first year option. However, the effective date of the modification that formally exercised the remaining portion of the first year option was December 29, 1999; approximately 3 months after DCPS should have obtained Council's approval to exercise the first year option.

Second Year Option - On May 26, 2000, the former DCPS Security Director recommended to the then DCPS Superintendent that DCPS exercise the second year option. In a July 24, 2000 letter, DCPS informed the security contractor of its intent to exercise the second year option. Based on the two letters, it is apparent that DCPS was aware of the impending October 1, 2000, date to exercise the second year option. However, DCPS did not submit the modification to exercise the second year option to the Council until February 15, 2001, approximately 4 months after Council should have approved the second year option. The Council approved the modification for the second year option on March 26, 2001, approximately 6 months after the option year was exercised.

To exercise the 2 option years while awaiting Council's approval, it appears that DCPS split the transactions to amounts less than the \$1 million threshold. DCPS issued 4 modifications to exercise a partial year for option year 1, and 7 modifications to exercise a partial year for option year 2. (See Table 1.) Each modification for the same security services split the value of security services to amounts less than the \$1 million threshold that would require Council's approval. Afterward, when DCPS received Council's approval to exercise the options, DCPS would issue a modification to exercise the remaining portion of the option years. Splitting transactions allowed DCPS to exercise 2 option years valued at over \$1 million without first obtaining Council's approval. The failure to provide prior review and evaluation may have deprived the Council of the opportunity to address the very same problems as identified in Finding 1 of this audit report.

FINDINGS AND RECOMMENDATIONS

Table 1: Option Year Modifications

| | Contract Action | Amount | Period of Modification/Letter Contract | | Elapsed Days |
|---------------------------|-----------------|-----------|--|------------|--------------|
| ⁵ Option Yr. 1 | Mod 13-A | \$950,000 | 10/1/1999 | 10/31/1999 | 30 |
| | Mod 13-B | \$950,000 | 11/1/1999 | 11/30/1999 | 29 |
| | Mod 13-C | \$950,000 | 12/1/1999 | 12/31/1999 | 30 |
| | Mod 13-D | \$950,000 | 1/1/1999 | 1/31/1999 | 30 |
| ⁶ Option Yr. 2 | Mod 20 | \$883,334 | 10/1/2000 | 10/31/2000 | 30 |
| | Mod 20-A | \$883,334 | 11/1/2000 | 11/30/2000 | 29 |
| | Mod 20-B | \$971,796 | 12/1/2000 | 12/28/2000 | 27 |
| | Mod 20-C | \$971,796 | 12/29/2000 | 1/25/2001 | 27 |
| | Mod 20-D | \$971,796 | 1/26/2001 | 2/22/2001 | 27 |
| | Mod 20-E | \$971,796 | 2/23/2001 | 3/22/2001 | 27 |
| | Mod 20-F | \$971,796 | 3/23/2001 | 4/19/2001 | 27 |

120-Day, Emergency Single Available Source Contract – After the second option year expired, on October 28, 2001, DCPS issued a 120-day, emergency single source letter contract valued at \$3,440,401 without first obtaining Council’s approval.

In a June 7, 2001, letter, the DCPS Contracting Officer informed the security contractor that in the event a new long term contract had not been secured at the September 30, 2001, expiration of Contract no. C70008, DCPS would award the security contractor a 120-day, emergency single available source contract. The award of this interim contract was agreed to during a previous telephone conversation between the DCPS Contracting Officer and the security contractor. The June 7, 2001, letter indicates that DCPS was aware of the impending expiration of the contract 4 months prior to its expiration.

DCPS did not submit the proposed 120-day, single available source contract to Council until December 10, 2001, 43 days after the contract was initiated. Council approved the contract on January 22, 2002, only 6 days before the last day of the contract period.

⁵ Without Council’s approval of option year 1, DCPS issued modification 13 to exercise the remaining portion of option year 1.

⁶ After Council approved option year 2, DCPS issued modification 21 to exercise the remaining portion of option year 2.

FINDINGS AND RECOMMENDATIONS

GSA Federal Supply Schedule - From January 28, 2002, to August 8, 2002, DCPS issued 8 letter contracts⁷ and 7 modifications totaling \$7,835,378 to procure security services from the same vendor off the GSA federal supply schedule. Each individual contract action was valued below the \$1 million threshold requiring Council approval. However, because the contract actions totaled an amount that exceeded \$1 million in a 12-month period, DCPS was required by D.C. Code § 2-301.05a(a) to obtain Council approval. Then, on August 23, 2002, DCPS issued another letter contract for approximately \$4 million to procure security services from the GSA federal supply schedule to cover a 3-month period. DCPS also failed to obtain Council approval prior to awarding the \$4 million contract. (See Table 2.)

Table 2: Letter Contracts/Modifications

| No. | Contract Action | Amount | Effective Date | Expiration Date | Elapsed Days |
|-----|-----------------|-------------|----------------|-----------------|--------------|
| 1 | Letter contract | \$976,744 | 1/28/2002 | 2/25/2002 | 28 |
| 2 | Letter contract | \$976,744 | 2/22/2002 | 3/21/2002 | 27 |
| | Modification 1 | \$976,744 | 2/26/2002 | 3/24/2002 | 26 |
| 3 | Letter contract | \$987,977 | 3/22/2002 | 4/18/2002 | 27 |
| | Modification 2 | \$987,977 | 3/25/2002 | 4/22/2002 | 28 |
| 4 | Letter contract | \$987,977 | 4/19/2002 | 5/16/2002 | 27 |
| | Modification 3 | \$987,977 | 4/23/2002 | 5/19/2002 | 26 |
| 5 | Letter contract | \$987,977 | 5/17/2002 | 6/13/2002 | 27 |
| | Modification 4 | \$987,977 | 5/20/2002 | 6/15/2002 | 26 |
| 6 | Letter contract | \$987,977 | 6/14/2002 | 7/11/2002 | 27 |
| | Modification 5 | \$987,977 | 6/16/2002 | 7/12/2002 | 26 |
| 7 | Letter contract | \$987,977 | 7/12/2002 | 8/8/2002 | 27 |
| | Modification 6 | \$987,977 | 7/13/2002 | 8/8/2002 | 26 |
| 8 | Letter Contract | \$942,001 | 8/8/2002 | 9/4/2002 | 27 |
| | Modification 7 | \$942,001 | 8/9/2002 | 8/31/2002 | 22 |
| 9 | Letter Contract | \$3,999,905 | 8/23/02 | 11/21/02 | 90 |
| | Modification 8 | \$3,999,905 | 9/1/02 | 11/30/02 | 90 |

According to a contracting officer from the DCPS Office of Contracts and Acquisitions, DCPS used the letter contract as a form of task order. DCPS rationalized that it was not required to submit a task order to Council because DCPS believed the law, as written, required contracts greater than \$1 million to be submitted to Council for approval, not task orders. We did not find any District regulations specifically requiring agencies to submit task orders over \$1 million to

⁷ DCPS used letter contract similar to task orders to procure service off the GSA federal supply schedule. Each letter contract after the 1/28/02 contract had an associated modification to formalize the letter contract.

FINDINGS AND RECOMMENDATIONS

Council for approval. However, we believe in this situation, where the law as written is silent and does not specifically address letter contracts issued as task orders, DCPS should submit all contracting actions over \$1 million in a 12 month period to Council for approval as a matter of caution. Further, the practice of using letter contracts as task orders is inconsistent with the intent and use of these two procurement instruments. Letter contracts are customarily one-time events issued to initiate immediate production of goods or services prior to a near-term (120 days) definitization of a formal contract. Task orders are orders to proceed with work already defined in a fixed-price contract.

In a May 31, 2002, letter, the DCPS Deputy CFO requested assistance from the District of Columbia, Office of the Chief Financial Officer (OCFO) in definitizing a January 28, 2002, letter contract in the amount of \$7,835,377. DCPS sought the OCFO's help because DCPS was aware of a congressionally mandated law that exempts the OCFO from the District's procurement regulations (e.g., obtaining Council's approval). However, in a memorandum to file dated August 12, 2002, the former General Counsel to the CFO recommended to DCPS that all contracting actions greater than \$1 million be sent to the Council for approval, to include task orders. These two documents suggest that DCPS was aware that letter contracts and task orders greater than \$1 million should be submitted to Council for approval prior to awarding the contract actions.

DCPS submitted an official task order for procuring security services off the GSA schedule to the Council on October 15, 2002. The Council approved the task order by virtue of taking no action to disapprove by October 24, 2002, 269 days after DCPS began the procurement on January 28, 2002. The DCPS Agency Chief Contracting Officer did not sign the task order/delivery order for services until November 15, 2002.

In conclusion, the audit found that from October 1, 2002, DCPS failed to obtain Council's prior approval for several contract actions that exceeded the statutory threshold of D.C. Code § 2-301.05a. It appears that DCPS split contracts into increments to circumvent this statutory requirement. As a result, DCPS prevented the Council from exercising its legal authority and oversight for contract actions exceeding \$1 million.

RECOMMENDATIONS

We recommend that the Interim Superintendent, District of Columbia Public Schools:

3. Develop internal policies and procedures requiring the Superintendent, District of Columbia Public Schools to review and approve procurements over \$1 million and repetitive procurements for the same goods or services just under the \$1 million threshold to assure compliance with District laws and regulations for submission to Council.

FINDINGS AND RECOMMENDATIONS

We recommend that the District of Columbia Chief Procurement Officer:

4. Update Title 27 of the District of Columbia Municipal Regulations to include guidelines regarding the use of task orders.
5. Develop guidelines on the submission of task order procurements greater than \$1 million to the Council of the District of Columbia for review and approval.

DCPS RESPONSE

The response from the Interim Superintendent, District of Columbia Public Schools, included several actions that will improve the review and approval process for procurements over \$1 million. Included in these aggressive actions to reform procurement at DCPS will be efforts to realign procurement staff; improve data tracking of contract awards and expiration; use of quality assurance reviews to ensure the proper development, approval, and award of contracts; improve the monitoring of contract actions through checklists; develop internal review guidelines to facilitate the Council's approval of contracts; and improve communication within DCPS by developing cross-function teams. The full text of the DCPS response to our report is at Exhibit B.

OIG COMMENTS

We consider DCPS's comments to be fully responsive to the report's recommendation.

OCP RESPONSE

The District of Columbia Chief Procurement Officer fully concurred with the report's recommendations. OCP will assess and update Title 27 of the District of Columbia Municipal Regulations with regard to the use of task orders. Further, OCP will review existing procurement criteria and clarify guidelines for the submission of task orders greater than \$1 million to the Council of the District of Columbia for review and approval. The full text of OCP's response to our report is at Exhibit C.

OIG COMMENTS

The OCP comments were fully responsive to our report's recommendations.

OTHER MATTERS OF INTEREST

USE OF LETTER CONTRACTS

SYNOPSIS

From October 2001 to August 2003, DCPS engaged in the practice of issuing letter contracts for security services in lieu of a more definitive type of contract mechanism. This situation occurred because a former DCPS CFO would only encumber funds for the security contract in monthly increments. Consequently, DCPS used letter contracts in order for the security contractor to continue to provide security services to District schools. Further, DCPS has continued the practice of awarding letter contracts by awarding a new \$45 million, 3-year with two 1-year options security services letter contract.

DISCUSSION

From October 1, 2001 to August 23, 2002, DCPS inappropriately issued approximately 11 letter contracts (see Table 3) to the former security contractor and 1 letter contract to the new security contractor. Title 27, DCMR § 2425.1 provides that a letter contract may be used only after the contracting officer determines, in writing, that no other type of contract is suitable.

Table 3: Letter Contracts

| No. | Contract Action | Amount | Effective Date | Expiration Date | Elapsed Days |
|-----|------------------------------|-------------|----------------|-----------------|--------------|
| 1 | Letter contract | \$998,854 | 10/01/01 | 10/28/01 | 27 |
| 2 | Letter contract ⁸ | \$982,971 | 10/28/01 | 11/23/01 | 26 |
| 3 | Letter contract | \$976,744 | 1/28/2002 | 2/25/2002 | 28 |
| 4 | Letter contract | \$976,744 | 2/22/2002 | 3/21/2002 | 27 |
| 5 | Letter contract | \$987,977 | 3/22/2002 | 4/18/2002 | 27 |
| 6 | Letter contract | \$987,977 | 4/19/2002 | 5/16/2002 | 27 |
| 7 | Letter contract | \$987,977 | 5/17/2002 | 6/13/2002 | 27 |
| 8 | Letter contract | \$987,977 | 6/14/2002 | 7/11/2002 | 27 |
| 9 | Letter contract | \$987,977 | 7/12/2002 | 8/8/2002 | 27 |
| 10 | Letter contract | \$942,001 | 8/8/2002 | 9/4/2002 | 27 |
| 11 | Letter contract | \$3,999,905 | 8/23/02 | 11/21/02 | 90 |

⁸ This letter contract was the 120-Day Emergency, Single Available Source contract. The initial letter contract was modified 3 times to extend the term to 120 days at an approximate cost of \$3,440,401.

OTHER MATTERS OF INTEREST

On October 1, 2001, after expiration of Contract no. C70008, DCPS issued a 27-day letter contract to the incumbent security contractor. The D&F provided that the letter contract was necessary because DCPS had not begun the solicitation process to evaluate security services providers and to allow the incumbent security services provider to continue providing services to District schools. On October 28, 2001, DCPS issued a 120-day, single available source letter contract valued at \$3,440,401. To accommodate the 120-day period, DCPS issued a 26-day letter contract and modified the letter contract 3 times to extend the original letter contract to January 28, 2002. Using letter contracts as task orders, DCPS issued 9 letter contracts totaling \$11,835,282 to procure security services from a vendor listed on the GSA federal supply schedule.

The determination and findings for the award of the January 28, 2002 - August 23, 2002 letter contracts provide that the letter contract awards were necessary to allow for continuity of school security services and to allow the contractor to proceed while DCPS was awaiting the necessary approvals. This justification did not demonstrate the need for DCPS to continuously award letter contracts.

Representatives from the DCPS Office of Contracts and Acquisitions stated that it was necessary to issue the monthly letter contracts from January 28, 2002, to October 24, 2002, because a former CFO would not encumber budgeted funds for the security contract for periods greater than a month. This situation prevented the DCPS Office of Contracts and Acquisitions from issuing a more long term and definitive contract to a security services provider. As such, the DCPS Office of Contracts and Acquisitions could only issue sequential letter contracts as funds were encumbered to keep security services in effect.

The letter contract issued on January 28, 2002, was the first of nine letter contracts that were awarded to the incumbent contractor to procure security services off the GSA federal supply schedule. DCPS did not definitize the January 28, 2002, letter contract until September 1, 2002, 216 days later. Title 27, DCMR § 2425.9 further provides:

[t]he contracting officer shall execute a definitive contract within one hundred and twenty (120) days after the date of execution of the letter contract or before completion of fifty (50%) of the work to be performed, whichever occurs first. The contracting officer may authorize an additional period if the additional period is approved in writing by the head of the contracting agency.

To further complicate DCPS's usage of letter contracts, DCPS used nine letter contracts as task orders to procure services from the GSA federal supply schedule. Generally, task orders are issued to obtain goods or services against an existing contract. Issuing letter contracts to procure services off an existing contract is unusual. An August 12, 2002, memorandum from the Office

OTHER MATTERS OF INTEREST

of the OCFO to the contract file stated that DCPS's practice of using letter contracts as task orders was highly unusual. We did not find any District guidelines on the usage of task orders (issue addressed in Finding 2).

Effective July 8, 2003, DCPS awarded a \$45 million, 3-year with two 1-year options letter contract to a new security services provider. DCPS's award of a letter contract to the new security contractor demonstrates that DCPS has not taken adequate measures to plan its procurements and award more definitive type contracts. Based on the number of letter contracts and the length of time that DCPS issued letter contracts, it is apparent that DCPS's issuance of letter contracts is a direct result of inadequate procurement planning. This practice of continuously awarding letter contracts is neither an effective nor an efficient means of contracting for school security services.

EXHIBIT A

SUMMARY OF POTENTIAL BENEFITS RESULTING FROM AUDIT

| Recommendation | Description of Benefit | Amount and/or Type of Monetary Benefit |
|----------------|---|--|
| 1 | Program Results. Establishes policies and procedures requiring the formulation of a procurement planning committee to coordinate the development of a DCPS annual procurement plan advanced procurement planning. | Undetermined future benefit. For example, DCPS could have avoided approximately \$11.4 million in school security services cost for the period of October 2001 to August 2003 if DCPS had conducted better procurement planning and awarded more definitive contract mechanisms. |
| 2 | Compliance and Internal Control. Improves compliance with Title 27 of the District of Columbia Municipal Regulations regarding the award and justification of sole source contracts. | Nonmonetary |
| 3 | Program Results. Establishes a definitive written agreement and understanding between DCPS's contracting and acquisitions division, program management, and organizational units. | Nonmonetary |
| 4 | Compliance and Internal Controls. Establishes District-wide guidelines for the use of task orders. | Nonmonetary |
| 5 | Compliance and Internal Controls. Establishes District-wide guidelines requiring District agencies to submit task orders greater than \$1 million if the basic contract has not been subject to Council's approval. | Nonmonetary |

EXHIBIT B – DCPS RESPONSE TO DRAFT REPORT



DISTRICT OF COLUMBIA PUBLIC SCHOOLS

OFFICE OF THE SUPERINTENDENT
825 North Capitol Street, NE, 9TH Floor
Washington, D.C. 20002-1994
(202) 442-5885 – fax: (202) 442-5026

April 20, 2004

Mr. Austin A. Andersen
Interim Inspector General
Office of the Inspector General
717 14th Street, NW
Washington, DC 20005

Dear Inspector General Austin:

This letter is in response to your correspondence dated March 9, 2004 regarding the draft audit report of the District of Columbia Public Schools' Procurement of School Security Services for the period of August 1996 - August 2003 (OIG No. 03-2-14GA). In your correspondence, you had requested that DCPS' response include: actions taken or planned, target dates for completion of planned actions, and reasons for any disagreements with the findings or recommendations. Our response is delineated below:

A. Summary Response to Finding 1: Award of Source Contracts and Finding 2: Exceeding Procurement Authority:

DCPS acknowledges that our former and current procurement staff did issue a series of contract actions to acquire security services from MVM, Inc. on an emergency sole source basis for an extended period of October 1, 2001 – July 31, 2003. In the future, DCPS will limit its use of Letter Contracts and ensure appropriate utilization in accordance with 27 DCMR, Section 2445. The contracts were awarded on a sole source basis without benefit of price competition as a necessary governmental function. A Determination and Finding was prepared for a Single Available Source and Emergency Procurement on September 18, 2001. Two Letter Contracts were initiated. The first Letter Contract (GAGA- C-2001-C-0058) was awarded for the period October 1, 2001- October 27, 2001. The second Letter Contract with Modifications 1-3 (Contract No. GAGA-2002-C-0001) was awarded for the period October 28, 2001-January 28, 2002. Both Letter Contracts were merged and were approved by City Council on January 22, 2002, for the amount of \$4,536,792.42.

It should be noted that solicitation GAGA-2001-R-0012 for long-term security services was issued around October 30, 2001. The solicitation contained a 35% LSDBE requirement. On November 15, 2001, the solicitation was amended to remove the LSDBE requirement. Allegedly, the former Security Director wanted the 35% LSDBE language removed. Around December 28, 2001, the solicitation was cancelled.

In addition, a Determination and Findings for a Multiple Award Federal Supply Schedule Procurement without Competition was prepared January 29, 2002 to continue the services with MVM, Inc. for the period January 29, 2002 - August 31, 2002. A new Letter Contract (GAGA-2002-T-0002) was issued with subsequent Letter Contract Modifications 1-7. Per the Determination and Findings, it was anticipated that a solicitation would be issued with a projected award date of August 1, 2002, but not later than September 1, 2002.

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EXHIBIT B – DCPS RESPONSE TO DRAFT REPORT

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The new solicitation was not issued until May 15, 2002 due to the ongoing internal discussions about the specifications. The solicitation should have been initiated at least 180 days prior to the expiration of the definitive contract, and therefore, was not awarded by August 31, 2002. To continue the services DCPS did issue Letter Contract Modifications 9-12 for the period September 1, 2002 – July 31, 2003.

The Determination and Findings did not set forth in the authority any reference to DC Code 2-303.05 (a) (3), which authorizes award of a contract through noncompetitive negotiations when the contract is with a vendor that maintains a price agreement or schedule with a federal agency, so long as the contract does not authorize a price higher than provided by the contract between the federal agency and the vendor. However, reference to the law was set forth in a memorandum dated June 3, 2003 from the former Chief Contracting Officer in an effort to justify the contract via the Federal Supply Schedule without competition.

The contract file includes Council approval of the contract (GAGA-2001-C-00024) on October 24, 2002. A definitive contract pursuant to the Council approval was awarded on November 13, 2002 for the full term January 29, 2002 - August 31, 2002. The definitive contract was extended via modifications 9-12 for the period December 1, 2002 – July 31, 2003.

It should be noted that upon review it appeared that a definitive contract was never prepared, approved and awarded, since the contract forms used by procurement staff, did not clearly delineate Letter Contract and Letter Contract Modification templates verses a Negotiated Services/Definitive Uniform Contract template. Procurement co-mingled use of the Amendment of Solicitation/Modification of Contract template form and Task Orders, and did not utilize the Uniform Contract Format. Conversely, it appeared that DCPS, did not definitize any of the Letter Contracts; however, as indicated above, a definitive contract was awarded for the period January 29, 2002-August 31, 2002.

A new long-term security solicitation GAGA-2002-R-0012 was issued on May 15, 2002, (eventually, resulting in the award of the Watkins Security Agency). Proposals were received on July 8, 2002. DCPS received a protest on July 30, 2002 from the Contract Appeals Board (CAB), filed by B&B Security. MVM and all offerors were notified of the protest. As a result of the protest, DCPS could not proceed with the award of the new long-term contract. DCPS won the protest and proceeded with the contracting process.

Upon receipt of the Best and Final Offer (RFP GAGA-202-R-0012) report from the Evaluation Panel, dated September 12, 2002, a request was made by the Panel that award not be made until a further assessment had been completed regarding the provision of services to be performed by DCPS. As a result, DCPS could not move forward and recommend the long-term award resulting from solicitation (this represented another delay in the contract award).

In light of the foregoing, DCPS determined that MVM should be given a ninety (90) day extension pursuant to the protest for the period September 1, 2002 - November 30, 2002. Additional extensions were issued through July 31, 2003. The award of the new contract to Watkins Security Agency occurred July 8, 2003. DCPS would like to reiterate that two solicitations were issued GAGA-2001-R-0012 (subsequently cancelled) and GAGA-2002-R-0012 (represents the reissued solicitation) in October 2001 and May 2002 (within a nine month period) to ensure the award of a long-term contract. For reasons cited above award did not occur until July 8, 2003.

Furthermore, DCPS procurement staff acknowledges that appropriate procurement planning was not fully engaged in a timely manner to ensure that the new contract was approved and awarded prior to the expiration of the contract terms. DCPS understands that in accordance with 27 DCMR, Section 1210, we should perform procurement planning and conduct market surveys to promote and provide for full and open competition with due regard to the nature of the supplies and services to be acquired. DCPS is

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EXHIBIT B – DCPS RESPONSE TO DRAFT REPORT

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exercising great effort to ensure that all of the procurement staff, program staff, school personnel and the Office of the Chief Finance Officer understand and enforce the mandate of this law.

In addition to your recommendations, and pursuant to a number of recommendations offered by consultants and other key stakeholders, as well as assessments made by staff within the District of Columbia Public Schools (DCPS), DCPS has begun implementing changes within the Procurement Office that will enable it to function more effectively and efficiently in accordance with Procurement Practices Act, 27 DCMR, 5 DCMR, and the operational needs of DCPS. DCPS acknowledges that in order to improve and enhance operational efficiencies we must fully engage:

- Appropriate procurement planning and conduct market surveys to promote and provide for full and open competition with due regard to the nature of the supplies and services to be acquired;
- New and refresher training, relative to understanding and enforcing the District procurement laws and regulations, contracting basics and procurement policies and procedures;
- Appropriate realignment and assessment of the staff to sustain the best procurement model to meet the acquisition needs of the agency;
- Assessment and development of performance and evaluation measures; and
- Collaboration with internal and external key stakeholders for integration of operational policies and procedures to ensure the best procurement practices and customer services.

B. Actions Taken or Planned Relative to Recommendations 1, 2 and 3:

DCPS is exercising great effort to ensure that all of the procurement staff, program staff, school personnel and the Office of the Chief Finance Officer understand and enforce the mandates of the laws and appropriate procurement practices. The target date for implementation of the initiatives is October 1, 2004. The following is the response to the recommendations

Recommendation Number 1

Develop policies and procedures that require DCPS to formulate a procurement planning committee to coordinate the development of DCPS' annual procurement plan for major DCPS contracts for goods and services. Actions taken and planned are:

- Developing Directives regarding procurement planning to be approved by the Superintendent and the Board of Education to ensure mandatory enforcement;
- Developing Standard Operating Procedures for implementation and utilization by all of DCPS regarding procurement planning, service level agreements and spending plans;
- Resuming Contracting Officer's Technical training for the DCPS program and schools;
- Realigning staff to ensure efficiency, efficacy and accountability of all contracting activity;
- Aligned procurement staff with budget, accounts payable, schools and programs to ensure appropriate procurement planning (considering LSDBE requirements), acquisition of goods and services, contract management and payment of invoices;

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EXHIBIT B – DCPS RESPONSE TO DRAFT REPORT

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- Developed a draft policy and procedures manual, supplier manual and program/schools user manual (editing for adoption and implementation by June 30, 2004).

Recommendation Number 2

Establish internal policies and procedures for complying with Title 27, DCMR, Sections 1701.2, 1702.2 and 2100.1, regarding the award and justification of sole source contracts.

- Conducting in-house training/peer training for all staff relative to Procurement Basics, Procurement Practices Act, 27 DCMR and 5 DCMR;
- Improving the database to track the award and expiration of contracts;
- Developing performance standards and measures and training plans in concert with staff; and
- Promoting and implementing uniform procurement procedures and contract documents/templates for appropriate use.

Recommendation Number 3

Develop internal policies and procedures requiring the Superintendent, District of Columbia Public Schools to review and approve procurements over \$1 million and repetitive procurements for the same goods or services just under the \$1 million threshold to assure compliance with District laws and regulations to Council.

- Engaging quality assurance reviews of all contracts to ensure that all contracts are properly developed, approved, awarded and managed.
- Development of internal review timelines and processes with all of DCPS key stakeholders, specifically, Office of General Counsel, Superintendent, Chief Financial Officer and the Board of Education, to facilitate required approval of contracts by Board of Education and Council.
- Development of cross-functional teams and communication with the DCPS Offices of the Superintendent, Assistant Superintendents, Chief Financial Officer, General Counsel, Board of Education, Chief Technology Officer, Communications, Program Directors and Principals to integrate policies and procedures to ensure timely and legally procured goods and services.

In addition to the above actions taken and planned, DCPS has:

- Developed appropriate contract documents such as a contract checklist (to ensure use of and inclusive of such documents as D&Fs), Contractor's Affidavit (debarment and suspension certification by Contractor).
- Consulted with the Deputy Mayor for Operations, the Deputy for the Office of Contracting and Procurement and Corporation Counsel regarding the provision of training to train the trainer and organizational training, as well as staff augmentation.
- Negotiated consultant "pro bono services" for provision of cost analysis services (MOU to be established).

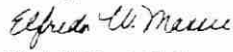
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EXHIBIT B – DCPS RESPONSE TO DRAFT REPORT

Austin Anderson – School Security Audit
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We are aggressively developing and implementing the recommendations for operational improvements to ensure compliance with District laws and regulations and we expect full implementation of all the initiatives on/or before Fiscal Year 05, commencing October 1, 2004.

Sincerely,



Elfreda W. Massie, Ph.D.
Interim Superintendent

EWM:gb

cc: Peggy Cooper Cafritz, President, D.C. Board of Education
Chief of Staff
Acting Procurement Officer
Administrative Officer/COO

Children First – Their Future is Now!

EXHIBIT C – OCP RESPONSE TO DRAFT REPORT

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of Contracting and Procurement

Director



April 7, 2004

Mr. Austin A. Andersen
Interim Inspector General
Office of the Inspector General
717 14th Street, N.W.
Suite 500
Washington, D.C. 20005

Dear Mr. Anderson:

I am responding to your Audit of the District of Columbia Public School's (DCPS) Procurement of School Security Services (OIG No. 03-2-14GA). Your report included two recommendations for the District of Columbia Chief Procurement Officer. This letter sets forth each recommendation and the Office of Contracting and Procurement's (OCP) response.

1. Update Title 27 of the District of Columbia Municipal Regulations to include guidelines regarding the use of task orders.

OCP concurs with this recommendation and will assess what additional guidelines for task orders are necessary and appropriate for inclusion in Title 27 of the District of Columbia Municipal Regulations.

2. Develop guidelines on the submission of task order procurement greater than \$1 million to the Council of the District of Columbia for review and approval.

OCP concurs with this recommendation. OCP will review existing procedures for preparation of million dollar contracts and submission of them to the Council for review and approval. Although OCP believes the law clearly requires submission of million dollar task orders to the Council, OCP will clarify through rulemaking or policy, as appropriate, the guidelines applicable to review of task orders.

441 4th Street N.W., Suite 700 South, Washington, D.C. 20001
(202) 727-0252 Fax: (202) 724-5673

EXHIBIT C – OCP RESPONSE TO DRAFT REPORT

Austin Andersen
OIG No. 03-2-14GA
April 7, 2004
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If you need additional information, please do not hesitate to contact me at 202-727-0252.

Sincerely,


Jacques Abadie, III, CPCM
Chief Procurement Officer

cc: Robert Bobb, City Administrator/Deputy Mayor